

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Financial Report

Year Ended June 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JAN 25 2012**

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INDEPENDENT AUDITORS' REPORT

The Honorable Michael Lafrance
Plaquemines Parish Sheriff
Pointe-A-La-Hache, Louisiana

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Plaquemines Parish Sheriff, as of and for the year ended June 30, 2011, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Plaquemines Parish Sheriff's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Plaquemines Parish Sheriff, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1D to the financial statements, the Plaquemines Parish Sheriff adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and the Governmental Fund Type Definitions*, in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2011, on our consideration of the Plaquemines Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedule of funding progress on pages 39 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Plaquemines Parish Sheriff has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plaquemines Parish Sheriff's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The accompanying affidavit is presented as mandated by the Louisiana Legislative Auditor, and is not a required part of the financial statements. The affidavit has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 15, 2011

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Statement of Net Assets
June 30, 2011

ASSETS

Current assets:	
Cash and interest-bearing deposits	\$ 987,900
Investments	2,274,209
Due from other governmental units and others	7,681,522
Deferred charges	327,589
Prepaid items	<u>144,389</u>
Total current assets	<u>11,415,609</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	18,543,290
Investments	328,736
Capital assets:	
Construction in progress	11,508,839
Other capital assets, net of depreciation	<u>4,990,837</u>
Total noncurrent assets	<u>35,371,702</u>
Total assets	<u>46,787,311</u>

LIABILITIES

Current liabilities:	
Accounts and other payables	1,858,945
Accrued interest payable	633,195
Contracts payable	2,728,775
Retainage payable	143,620
Claims payable	846,991
Deferred revenue	6,075,137
Bonds payable	1,200,000
Community disaster loan	272,524
OPEB obligation	<u>348,476</u>
Total current liabilities	<u>14,107,663</u>
Noncurrent liabilities:	
Community disaster loan	2,890,747
OPEB obligation	6,242,315
Bonds payable	<u>12,347,209</u>
Total noncurrent liabilities	<u>21,480,271</u>
Total liabilities	<u>35,587,934</u>

NET ASSETS

Invested in capital assets, net of related debt	15,299,676
Restricted	-
Unrestricted	<u>(4,100,299)</u>
Total net assets	<u>\$11,199,377</u>

The accompanying notes are an integral part of the basic financial statements.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Statement of Activities
For the Year Ended June 30, 2011

Expenses:

Public safety:

Personal services and related benefits	\$ 17,327,591
Operating services	3,532,590
Operations and maintenance	6,705,813
Travel	10,307
Interest expense	<u>735,507</u>
Total expenses	<u>28,311,808</u>

Program revenues:

Fines, forfeitures, and other fees	1,173,987
Federal grants	<u>9,721,832</u>
Total program revenues	<u>10,895,819</u>

Net program expense	<u>(17,415,989)</u>
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General revenues:

Property taxes, levied for general purposes	13,616,155
State sources	1,496,692
Interest and investment earnings	21,925
Loss on sale of assets	(9,511)
Miscellaneous	<u>7,990,467</u>
Total general revenues	<u>23,115,728</u>

Change in net assets	5,699,739
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Beginning net assets	<u>5,499,638</u>
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Ending net assets	<u>\$ 11,199,377</u>
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The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTION - MAJOR FUND

MAJOR FUND

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Capital Projects Fund - Katrina Projects

The Capital Projects Fund - Katrina Projects is used to account for the construction of a new permanent jail facility as well as other smaller construction projects.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Balance Sheet
Governmental Funds
June 30, 2011

	General	Capital Projects Fund - Katrina Projects	Total
ASSETS			
Cash and interest-bearing deposits	\$ 12,406,702	\$ 7,124,488	\$19,531,190
Investments	2,602,945	-	2,602,945
Receivables:			
Due from other governmental units and others	6,570,506	231,543	6,802,049
Due from other funds	1,152	-	1,152
Prepaid items	144,389	-	144,389
Total assets	<u>\$21,725,694</u>	<u>\$ 7,356,031</u>	<u>\$29,081,725</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 1,003,538	\$ 422,229	\$ 1,425,767
Contracts payable	-	2,728,775	2,728,775
Retainage payable	-	143,620	143,620
Claims payable	846,991	-	846,991
Deferred revenue	2,625,220	4,060,255	6,685,475
Due to other funds	-	1,152	1,152
Due to others	128,979	-	128,979
Due to employees	304,199	-	304,199
Total liabilities	<u>4,908,927</u>	<u>7,356,031</u>	<u>12,264,958</u>
Fund balance -			
Nonspendable	144,389	-	144,389
Restricted	10,986,642	-	10,986,642
Committed	-	-	-
Assigned	-	-	-
Unassigned	5,685,736	-	5,685,736
Total fund balance	<u>16,816,767</u>	<u>-</u>	<u>16,816,767</u>
Total liabilities and fund balance	<u>\$21,725,694</u>	<u>\$ 7,356,031</u>	<u>\$29,081,725</u>

The accompanying notes are an integral part of the basic financial statements.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2011

Total fund balance for governmental funds at June 30, 2011		\$16,816,767
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Construction in progress	11,508,839	
Buildings and improvements, net of \$286,807 accumulated depreciation	1,213,927	
Equipment and vehicles, net of \$6,858,726 accumulated depreciation	<u>3,776,910</u>	16,499,676
General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. This debt is:		
Bond payable	(13,415,000)	
Community disaster loan	(3,163,271)	
Net OPEB obligation payable	(6,590,791)	
Bond premium, net of \$13,220 accumulated amortization	(132,209)	
Deferred charges, net of \$32,758 accumulated amortization	327,589	
Accrued interest payable	<u>(633,195)</u>	(23,606,877)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Federal grant (FEMA funds)		<u>1,489,811</u>
Total net assets of governmental activities at June 30, 2011		<u>\$11,199,377</u>

The accompanying notes are an integral part of the basic financial statements.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2011

	General	Capital Projects Fund - Katrina Projects	Total
Revenues:			
Taxes	\$ 13,616,155	\$ -	\$13,616,155
Intergovernmental	5,220,985	5,975,251	11,196,236
Fees, charges, and commissions for services	1,173,987	-	1,173,987
Interest income	21,925	-	21,925
Miscellaneous	7,990,467	-	7,990,467
Total revenues	<u>28,023,519</u>	<u>5,975,251</u>	<u>33,998,770</u>
Expenditures:			
Current -			
Public safety	15,527,028	-	15,527,028
Operating services	3,340,752	191,838	3,532,590
Operations and maintenance	5,234,874	-	5,234,874
Travel	10,307	-	10,307
Debt service - principal	1,145,000	-	1,145,000
Debt service - interest	712,584	-	712,584
Capital outlay	845,288	5,776,164	6,621,452
Total expenditures	<u>26,815,833</u>	<u>5,968,002</u>	<u>32,783,835</u>
Excess of revenues over expenditures	1,207,686	7,249	1,214,935
Other financing sources (use):			
Transfers in	7,249	-	7,249
Transfers out	<u>-</u>	<u>(7,249)</u>	<u>(7,249)</u>
Total other financing sources	<u>7,249</u>	<u>(7,249)</u>	<u>-</u>
Net change in fund balance	1,214,935	-	1,214,935
Fund balance, beginning	<u>15,601,832</u>	<u>-</u>	<u>15,601,832</u>
Fund balance, ending	<u>\$ 16,816,767</u>	<u>\$ -</u>	<u>\$16,816,767</u>

The accompanying notes are an integral part of the basic financial statements.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2011

Total net change in fund balance at June 30, 2011 per
Statement of Revenues, Expenditures and Changes in Fund Balances \$ 1,214,935

The change in net assets reported for governmental activities in the
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 6,621,452	
Depreciation expense for the year ended June 30, 2011	<u>(1,451,285)</u>	5,170,167

The statement of net assets presents capital assets under a different
capitalization policy than capital outlays presented in the statement of
revenues, expenditures, and changes in fund balance. (9,885)

Because governmental funds do not record fixed assets and accumulated
depreciation, any assets disposed of with no selling price do not affect the
statement of revenues, expenditures, and change in fund balance. However,
in the statement of activities, a gain or loss is shown on assets that are not
fully depreciated. (9,511)

Current year OPEB accrual (1,800,563)

Governmental funds' record all debt activity in the Statement of Revenues,
Expenditures and Changes in Fund Balance whereas some of the debt
activity (ex; principal payments) is recorded in the Statement of Net Assets.

Principal debt payments for the year ended June 30, 2011	\$ 1,145,000	
Accrued interest payable	(22,923)	
Amortization of bond premium	6,610	
Amortization of deferred charges	<u>(16,379)</u>	1,112,308

Revenues recognized in the Statement of Revenues, Expenditures, and Changes
in Fund Balance in fiscal year ended June 30, 2011 that were recognized in
fiscal year ended June 30, 2010 in the Statement of Activities:

Federal grant (FEMA funds)	<u>22,288</u>
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Total changes in net assets at June 30, 2011 per Statement of Activities \$ 5,699,739

The accompanying notes are an integral part of the basic financial statements.

FUND DESCRIPTIONS - NONMAJOR FUNDS

FIDUCIARY FUNDS - AGENCY FUNDS

All of these funds are reflected in the totals of the agency funds presented in the statement of fiduciary net assets.

Civil Fund

The Civil Fund was established to account for funds held in connection with civil suits, Sheriff's sales, and garnishments and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

Tax Collector Fund

The Tax Collector Fund was established per Article V, Section 27 of the Louisiana Constitution of 1974, which provides that the sheriff will serve as the collector of state and parish taxes and fees. The Fund is used to collect and distribute these taxes and fees to the appropriate taxing bodies.

Installment Fines Fund

The Installment Fines Fund is used to account for the collection of fines paid on an installment basis as authorized by the court. Transfers are made to the Bond and Fines Fund when the fine has been completely collected and disposition is made by that fund.

Bonds and Fines Fund

The Bonds and Fines Fund is used to account for the collection of bonds, fines, and costs and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

Prison Inmate Fund

The Prison Inmate Fund is used to account for the deposits made by, and for, inmates to their individual accounts and the appropriate disbursements to these inmates.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2011

ASSETS	
Cash and cash equivalents	<u>\$17,673,327</u>
LIABILITIES	
Held for others pending court action	\$ 951,316
Held for inmates	38,957
Held for taxing bodies	<u>16,683,054</u>
Total liabilities	<u>\$17,673,327</u>

The accompanying notes are an integral part of the basic financial statements.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Plaquemines Parish Sheriff (Sheriff) have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed below.

The accounting and reporting policies of the Sheriff conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, serving subpoenas, et cetera.

As the chief law enforcement officer of the parish, the Sheriff is responsible for enforcing state and local laws, ordinances, et cetera, within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols, investigations, et cetera, and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. In addition, the Sheriff, when requested, provides assistance to other law enforcement agencies within the parish.

As the ex-officio tax collector of the parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, parish occupational licenses, state revenue sharing funds, fines, costs, and bond forfeitures imposed by the district court.

For financial reporting purposes, the Sheriff includes all funds, account groups, activities, et cetera, that are controlled by the Sheriff as an independently elected parish official. As an independently elected parish official, the Sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Sheriff's office that are paid or provided by the parish council as required by Louisiana law, the Sheriff is financially independent. Accordingly, the Sheriff is a separate governmental reporting entity. Certain units of local government, over which the Sheriff exercises no oversight responsibility, such as the parish council, parish school board, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the parish Sheriff.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, except the fiduciary funds. The Sheriff has no business-type activities.

The statement of activities presents a comparison between program revenues of the Sheriff and the cost of the function. Program revenues are derived directly from Sheriff users as a fee for services. Revenues that are not classified as program revenues, including taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Sheriff are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistently with legal and managerial requirements.

The various funds of the Sheriff are all classified as governmental. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the Sheriff or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The fund of the Sheriff which is considered to be a major fund is described below:

Governmental Funds –

General Fund

The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Sheriff's office and accounts for the operations of the Sheriff's office. The Sheriff's primary source of revenue is an ad valorem tax levied by the law enforcement district. Other sources of revenue include state revenue sharing, state

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

supplemental pay for deputies, civil and criminal fees, and fees for court attendance and maintenance of prisoners. General operating expenditures are paid from this fund.

Capital Projects Fund – Katrina Projects –

This capital project fund is used to account for the construction of a new permanent jail facility as well as other smaller construction projects.

The following funds are nonmajor funds:

Agency Funds

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from these funds are made to various parish agencies, litigants in suits, et cetera, in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The individual agency funds used by the Sheriff for the year ended June 30, 2011 are as follows:

Civil Fund - To account for funds held in connection with civil suits, Sheriff's sales, and garnishments and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

Tax Collector Fund - Article V, Section 27 of the Louisiana Constitution of 1974, provides that the sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund is used to collect and distribute these taxes and fees to the appropriate taxing bodies.

Installment Fines Fund - To account for the collection of fines paid on an installment basis as authorized by the court. Transfers are made to the Bonds and Fines Fund when the fine has been completely collected and disposition is made by that fund.

Bonds and Fines Fund - To account for the collection of bonds, fines, and costs and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

Prison Inmate Fund - To account for the deposits made by, and for, inmates to their individual accounts and the appropriate disbursements to these inmates.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

Measurement Focus

In the government-wide statement of net assets and the statement of activities, governmental activities are presented using the economic resources measurement. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the current financial resources measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized as soon as they are both "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days, excluding the FEMA grant program. For the FEMA grant program, the government uses 12 months as the availability period. All other grant revenues are recognized in the same period as the underlying expenditures. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

Cash, interest-bearing deposits, and investments

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Sheriff.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

Capital Assets

The accounting treatment for buildings, improvements and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Interest costs are not capitalized as they relate to fixed assets. The Sheriff's threshold for capitalization is \$1,000.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	40 years
Equipment and vehicles	3-10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

Long-term debt

All long-term debt to be repaid from governmental funds is reported as liabilities in the government-wide statements. The long-term debt consists of revenue bonds payable, community disaster loan and OPEB obligation payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt is reported as other financing sources and payment of principal and interest reported as expenditures.

Compensated Absences

Employees of the Sheriff's office earn from 10 to 25 days of vacation leave each year, depending on their length of service and earn 5 days of sick leave. Both vacation and sick leave must be taken in the year it is earned. At June 30, 2011, the Sheriff has no leave benefits required to be accrued and reported.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as follows.

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Sheriff. The Sheriff is the highest level of decision-making authority for the Sheriff's office. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Sheriff.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under that Sheriff's adopted policy, only the Sheriff may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of June 30, 2011, fund balances are composed of the following:

	<u>General Fund</u>	<u>Capital Projects Fund - Katrina Projects</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Prepaid items	\$ 144,389	-	\$ 144,389
Restricted:			
Bond proceeds	10,986,642	-	10,986,642
Capital projects	-	-	-
Committed:	-	-	-
Assigned:	-	-	-
Unassigned:	<u>5,685,736</u>	<u>-</u>	<u>5,685,736</u>
Total fund balances	<u>\$ 16,816,767</u>	<u>-</u>	<u>\$ 16,816,767</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Sheriff considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Sheriff considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Sheriff has provided otherwise in its commitment or assignment actions.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

E. Budget and Budgetary Accounting

The Sheriff follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The chief administrative deputy prepares a proposed budget and submits it to the Sheriff for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Sheriff.

F. Cash, Interest-Bearing Deposits and Investments

Cash, interest-bearing deposits and investments include amounts in demand deposits, time deposits, and interest-bearing securities invested with the Louisiana Asset Management Pool (LAMP), which are stated at cost. An investment in the amount of \$2,602,945 at June 30, 2011 is deposited in LAMP, a local government investment pool. In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized into the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and statewide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Under state law, the Sheriff may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Sheriff may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Sheriff may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2011, the Sheriff has cash and interest-bearing deposits (book balances) totaling \$37,204,517 of which \$17,673,327 is attributable to nonmajor fiduciary funds, which are not presented in the statement of net assets.

These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that in the event of a bank failure, the Sheriff's deposits may not be returned to it. The Sheriff's policy, by state law, is that all deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2011, are secured as follows:

Bank balances	<u>\$ 38,099,598</u>
Insured	\$ 750,000
Uninsured and collateral held by pledging bank not in Sheriff's name	<u>37,349,598</u>
Total	<u>\$ 38,099,598</u>

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

(3) Investment

The Sheriff had only one investment on which GASB Statement No. 31 applied. This investment was an investment in LAMP. GASB Statement No. 31 requires that investments that fall within the definitions of said statement be recorded at fair value. However, Statement No. 31 also states that investments in an external investment pool can be reported at amortized cost if the external investment pool operates in a manner consistent with the Security Exchange Commission's (SEC's) Rule 2a7. LAMP is an external investment pool that operates in a manner consistent with SEC Rule 2a7. LAMP is also regulated by the Treasury of the State of Louisiana and fair value of the position in the pool is the same as the value of pool shares.

At June 30, 2011, the Sheriff's investment, at cost, is \$2,602,945. The amortized cost of this investment at June 30, 2011 was also \$2,602,945.

(4) Ad Valorem Taxes

The Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem property taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied by the taxing bodies in October and are actually billed to the taxpayers by the Sheriff in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Plaquemines Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for pension fund contributions.

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2011, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rate of 16.45 mills on property with assessed valuations totaling \$901,760,599.

Total law enforcement taxes levied during 2011 were \$14,833,958. Taxes receivable in the General Fund at June 30, 2011 was \$29,148 and is presented as cash on the statement of net assets because the funds were in the hands of the tax collector at June 30, 2011.

The Sheriff received ad valorem taxes that were paid under protest. It is possible that these taxes (or a portion thereof) will have to be returned to the taxpayer. The amount received of \$305,563 is reflected as a restricted asset. The estimated amount that may have to be refunded is \$76,390 and is reflected as deferred revenue on the balance sheet at June 30, 2011.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

(5) Due From Other Governmental Units and Others

Amounts due from other governmental units at June 30, 2011 consist of the following:

Federal grants	\$ 4,369,972
State grants	104,377
Maintenance of prisoners - parish and state	35,341
Video poker	42,879
BP oil spill reimbursement	2,811,320
Other	<u>317,633</u>
	<u>\$ 7,681,522</u>

(6) Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance 07/01/10	Additions	Deletions	Balance 06/30/11
Governmental activities:				
Assets not being depreciated:				
Construction in progress	\$ 5,156,265	\$6,378,134	\$ (25,560)	\$ 11,508,839
Assets being depreciated:				
Buildings and improvements	1,500,735	-	-	1,500,735
Equipment and vehicles	<u>10,561,365</u>	<u>258,993</u>	<u>(184,723)</u>	<u>10,635,635</u>
Totals	<u>\$ 17,218,365</u>	<u>\$6,637,127</u>	<u>\$ (210,283)</u>	<u>\$ 23,645,209</u>
Less accumulated depreciation:				
Buildings and improvements	(231,584)	(55,222)	-	(286,806)
Equipment and vehicles	<u>(5,637,876)</u>	<u>(1,396,063)</u>	<u>175,212</u>	<u>(6,858,727)</u>
Total accumulated depreciation	<u>(5,869,460)</u>	<u>(1,451,285)</u>	<u>175,212</u>	<u>(7,145,533)</u>
Governmental activities, capital assets, net	<u>\$ 11,348,905</u>	<u>\$5,185,842</u>	<u>\$ (35,071)</u>	<u>\$ 16,499,676</u>

Depreciation expense was charged to governmental activities as operations and maintenance in the amount of \$1,451,285.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

(7) Accounts and Other Payables

The accounts and other payables consisted of the following at June 30, 2011:

Accounts	\$1,425,767
Due to employees	128,979
Due to others	<u>304,199</u>
Totals	<u>\$1,858,945</u>

(8) Long-Term Debt

The following is a summary of long-term debt transactions of the Sheriff for the year ended June 30, 2011:

Long-term debt, June 30, 2010	\$ 17,862,090
Debt assumed	-
Debt retired	<u>(1,151,610)</u>
Long-term debt, June 30, 2011	<u>\$ 16,710,480</u>

The General Fund has historically paid this debt.

\$5,525,000 Series 2006 Certificates of Indebtedness due in annual installments of \$1,020,000 to \$1,200,000; interest rates of 4.00 percent to 4.50 percent; full maturity at March, 2012	\$ 1,200,000
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\$3,163,271 Community Disaster Loan due at maturity of December, 2015; interest rate of 2.69 percent	3,163,271
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PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

\$12,215,000 Series 2009 Limited Tax Bonds due in annual installments of \$385,000 to \$935,000; interest rates of 4.00 percent to 5.30 percent; full maturity at September, 2031, net of unamortized premium	12,347,209
Total long-term debt	16,710,480
Less: Current portion	(1,472,524)
Net long-term portion	<u>\$ 15,237,956</u>

The annual requirements to amortize all debt outstanding as of June 30, 2011 are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 1,472,524	\$ 1,156,043	\$ 2,628,567
2013	1,079,171	672,696	1,751,867
2014	1,112,844	638,323	1,751,167
2015	1,147,019	602,847	1,749,866
2016	1,181,713	565,181	1,746,894
2017-2021	2,470,000	2,397,775	4,867,775
2022-2026	3,150,000	1,703,175	4,853,175
2027-2031	4,030,000	791,869	4,821,869
2032	935,000	24,544	959,544
	<u>16,578,271</u>	<u>8,552,453</u>	<u>25,130,724</u>
Add: Unamortized premium	132,209	-	132,209
	<u>\$16,710,480</u>	<u>\$ 8,552,453</u>	<u>\$ 25,262,933</u>

(9) Pension Plan

Plan Description: The Plaquemines Parish Sheriff contributes to the Sheriff's Pension and Relief Fund, a cost-sharing multiple employer defined benefit pension plan administered by the Sheriff's Pension and Relief Fund, a public corporation created in accordance with the provisions of Louisiana Revised Statute 11:2171 to provide retirement, disability and survivor benefits to sheriff and deputy sheriff members throughout the State of Louisiana. The Sheriff's Pension and Relief Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Louisiana Sheriff's Pension and Relief Fund, P.O. Box 3163, Monroe, LA 71220.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

Funding Policy: Plan members are required to contribute 10% of their annual covered salary and the Plaquemines Parish Sheriff is required to contribute at an actuarially determined rate. The rate was 11% of annual covered payroll. The contribution requirements of plan members and the Plaquemines Parish Sheriff are estimated and may be amended by the Sheriff's Pension and Relief Fund. The Plaquemines Parish Sheriff's contributions to the Retirement System for the years ended June 30, 2011, 2010, and 2009 were \$2,796,731, \$2,055,781, and \$2,014,969, respectively.

(10) Risk Management

The Sheriff is exposed to risks of loss in the areas of health care, general and auto liability, property hazards, and workers' compensation. Health care risk, auto and professional liability, and workers' compensation risk are handled by self-insurance plans, which are explained in the following paragraphs. Property hazards are handled by purchasing commercial insurance. There have been no significant reductions in this insurance coverage during the current fiscal year, nor have settlements exceeded coverage for the past three years.

A. Health Care Liability

The Sheriff established a limited risk management program for group hospitalization insurance. The Sheriff hired Gulf South Risk Services, Inc. as administrator for this program. This plan provides employee health benefits up to a maximum of \$3,000,000 per employee in a lifetime. The Sheriff purchases commercial insurance for individual claims in excess of \$100,000.

The General Fund of the Sheriff recognizes the assets, liabilities, revenues and expenditures of the group hospitalization insurance plan. The claims liability of \$462,218 reported in the fund at June 30, 2011, is based on the loss that is probable to have existed at the date of the financial statements and the amount of the loss that can be reasonably reduced by estimated insurance reimbursements. The Sheriff currently does not discount its claims liabilities.

B. Auto Liability and Professional Liability

The Sheriff established a self-insurance plan to account for and finance its uninsured risk of loss, which is administered by Gallagher Basset Services. Under this plan, the Sheriff has a claims made policy with Coregis Insurance Company. The Sheriff is liable for claims up to \$100,000 per covered employee or dependent. There is no aggregate maximum for policy year ended September 2011.

C. Workers' Compensation

The Sheriff established a limited risk management program for workers' compensation. The Sheriff hired Gulf South Risk Services, Inc. as the administrator for this program. The Sheriff purchases commercial insurance for individual claims in excess of \$300,000. Incurred but not paid claims have been accrued as a component of claims payable.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

A reconciliation of changes in liabilities is as follows:

	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Benefit Payments and Claims	Balance at Fiscal Year-End
Group hospitalization				
2009-2010	\$ 393,076	\$ 1,702,315	\$ (1,711,956)	\$ 383,435
2010-2011	383,435	2,354,196	(2,275,413)	462,218
Auto & Professional				
2009-2010	179,999	483,685	(431,063)	232,621
2010-2011	232,621	258,590	(202,150)	289,061
Workers' Compensation				
2009-2010	28,225	430,621	(387,550)	71,296
2010-2011	71,296	198,165	(173,749)	95,712

Claims payable for group hospitalization of \$462,218 at June 30, 2011 was determined as follows:

1. Claims incurred prior to June 30, 2011 and paid subsequently	\$ 190,851
2. Provision for claims incurred but not reported	286,855
3. Health insurance receivable	<u>(15,488)</u>
Total claims payable	<u>\$ 462,218</u>

The provision for claims incurred but not reported was estimated at June 30, 2011 based on historical information.

Claims payable for auto and professional liability and for workers' compensation is based on information provided by a third party administrator.

(11) Changes in Agency Fund Balances

A summary of changes in agency fund balances due to taxing bodies and others and due to prisoners follows:

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

	Civil Fund	Tax Collector Fund	Installment Fines Fund	Bonds and Fines Fund	Prison Inmate Fund
Balances, June 30, 2010	\$ 143,230	\$ 7,853,633	\$ 211,713	\$ 587,646	\$ 28,725
Additions	1,100,658	65,457,735	118,565	1,532,467	136,323
Deletions	(1,105,630)	(56,628,314)	(109,111)	(1,528,222)	(126,091)
Balances, June 30, 2011	<u>\$ 138,258</u>	<u>\$ 16,683,054</u>	<u>\$ 221,167</u>	<u>\$ 591,891</u>	<u>\$ 38,957</u>

(12) Operating Leases

Rental expense for the year ended June 30, 2011 was \$176,987. The Sheriff had the following outstanding lease agreement at June 30, 2011:

Description	Term	Expiration Date	Monthly Lease Amount
Postage meter	5 Years	11/13	\$ 231

The minimum future payments for these arrangements are as follows:

Year Ended June 30	
2012	\$ 2,772
2013	2,772
2014	<u>1,155</u>
Total	<u>\$ 6,699</u>

(13) Commitments and Contingencies

A. Contingent Liabilities

At June 30, 2011, the Sheriff is involved in several lawsuits claiming damages. Many of the claims are covered by the self-insured plan and are addressed in Note (10), part B. As such, no additional accrual was needed at June 30, 2011. Other claims have either had long periods of inactivity or are premature for estimation of possible loss. Therefore, no accrual has been recorded for these claims.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

B. Grant Audit

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time. A receivable of \$3,242,822 is included in due from other governmental units. This balance represents the amount expected to be reimbursed by the FEMA Public Assistance Grant for expenditures incurred in years ended June 30, 2006 through June 30, 2011.

The Office of Inspector General (OIG) conducted an interim review of public assistance funds awarded to the sheriff's department. The objective of the review was to determine whether the sheriff's department expended and accounted for FEMA funds according to federal and FEMA guidelines. Although the review cited several deficiencies, there was only one of monetary significance. This deficiency related to thirty-one (31) mobile homes that were purchased but not occupied. The OIG recommended disallowance of approximately one million (\$1,000,000) dollars as it relates to these mobile homes. Management disagrees with this finding. There were twenty-one (21) mobile homes that were unoccupied and therefore returned to the vendor for a credit of approximately \$450,000. The sheriff's department has made no provision in its financial statements as it relates to the recommended disallowed costs.

C. Deferred Revenue

The Sheriff's Department purchased approximately one hundred thirty (130) trailer units after Hurricane Katrina. These units were used for temporary housing of employees. The cost for these units was reimbursed to the Sheriff by FEMA. During fiscal year ended June 30, 2007, the Sheriff determined that he no longer needed approximately seventy (70) trailer units. Therefore, the Sheriff sold these units for a total of \$791,250, less a commission of \$79,125, for a net amount of \$712,125. The Sheriff sold 45 units during fiscal year ended June 30, 2008 for a total of \$492,000, less a commission and fees of \$50,935, for a net amount of \$441,065. There is some uncertainty as to whether or not the Sheriff will have to reimburse all or a portion of these funds back to FEMA. Therefore, the Sheriff has recorded the \$1,153,190 as deferred revenue at June 30, 2011.

D. Unpaid Expenditures

The Sheriff's Department entered into a contract for project management work in reference to two FEMA projects. There has been some confusion over the scope of services provided. FEMA is currently analyzing all of the charges to determine what amount will be allowed/reimbursed. The Sheriff's office has unpaid invoices in the amount of approximately \$1,200,000. They are of the opinion that they will not be responsible for these charges. No liability has been recorded at June 30, 2011.

(14) Expenditures of the Sheriff's Office Paid by the Parish Council

The Sheriff's office is located in a Parish Government building. The cost of maintaining and operating the parish building, as required by statute, is paid by the Plaquemines Parish Council. These expenditures are not included in the accompanying financial statements.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

(15) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2011:

	<u>Receivables</u>	<u>Payables</u>
Major funds		
Governmental Funds:		
General Fund	\$ 1,152	\$ -
Capital Projects Fund - Katrina Projects	<u>-</u>	<u>1,152</u>
Total	<u>\$ 1,152</u>	<u>\$ 1,152</u>

Interfund receivables and payables are related to administrative fees received related to a federal award.

B. Interfund Transfers

Interfund transfers consisted of the following at June 30, 2011:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds		
Governmental Funds:		
General Fund	\$ 7,249	\$ -
Capital Projects Fund - Katrina Projects	<u>-</u>	<u>7,249</u>
Total	<u>\$ 7,249</u>	<u>\$ 7,249</u>

Transfers were made to transfer administrative fees received related to a federal award.

(16) Post-Retirement Health Care and Life Insurance Benefits

Plan Description. The Plaquemines Parish Sheriff's Office's medical and life insurance benefits are provided to employees upon actual retirement.

The employer pays 100% of the medical coverage for the retiree. Retirees pay \$150 per month for dependent coverage prior to Medicare eligibility and \$39.20 per month for Medicare dependents. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 15 years of service. At least 12 years of service with Plaquemines Parish Sheriff's Office is required for retiree medical benefits.

Life insurance coverage is continued to retirees and the blended rate for active employees and retirees is \$0.499 per \$1,000 of insurance. The employer pays for 100% of the retiree's life insurance

PLAQUEMINES PARISH SHERIFF
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Notes to Basic Financial Statements (Continued)

after retirement. However, the rates are based on the blended active/retired rate and there is thus an implicit subsidy. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. Insurance coverage amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

Contribution Rates. Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy. Until Fiscal Year Ending June 30, 2008, the Plaquemines Parish Sheriff's Office recognized the cost of providing post-employment benefits (the Plaquemines Parish Sheriff's Office's portion of the retiree benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. Effective with the Fiscal Year beginning July 1, 2008, the Plaquemines Parish Sheriff's Office implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). The funding policy is not to fund the ARC except to the extent of the current year's retiree funding costs.

In Fiscal Year Ending June 30, 2011, the Plaquemines Parish Sheriff's Office's portion of health care funding cost for retired employees totaled \$348,476. These amounts were applied toward the Net OPEB Benefit Obligation as shown in the table below.

Annual Required Contribution. The Plaquemines Parish Sheriff's Office's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning July 1, 2010 is \$2,234,449, as set forth below:

Normal cost	\$ 1,082,864
30 year UAL amortization amount	<u>1,151,585</u>
Annual required contribution (ARC)	<u>\$ 2,234,449</u>

Net Post-employment Benefit Obligation (Asset). The table below shows the Plaquemines Parish Sheriff's Office's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending June 30, 2011:

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

Beginning net OPEB obligation	\$ 4,790,228
Annual required contribution	2,234,449
Interest on net OPEB obligation	191,609
ARC adjustment	<u>(277,019)</u>
OPEB cost	2,149,039
Contribution	-
Current year retiree premium	<u>(348,476)</u>
Change in net OPEB obligation	<u>1,800,563</u>
Ending net OPEB obligation	<u>\$ 6,590,791</u>

The following table shows the Plaquemines Parish Sheriff's Office's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	3,341,478	8.80%	3,044,478
6/30/2010	2,094,226	16.64%	1,745,750
6/30/2011	2,149,039	16.22%	1,800,563

Funded Status and Funding Progress. In the fiscal year ending June 30, 2011, the Plaquemines Parish Sheriff's Office made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of July 1, 2009, the most recent valuation, the Actuarial Accrued Liability (AAL) was \$19,913,202, which is defined as that portion, as determined by a particular actuarial cost method (the Plaquemines Parish Sheriff's Office uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2010/2011, the entire actuarial accrued liability of \$19,913,202 was unfunded.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

Actuarial accrued liability (AAL)	\$ 19,913,202
Actuarial valuation of plan assets	<u> -</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 19,913,202</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 11,899,558
UAAL as a percentage of covered payroll	167.34%

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Plaquemines Parish Sheriff's Office and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Plaquemines Parish Sheriff's Office and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Plaquemines Parish Sheriff's Office and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method. The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets. There are no plan assets. It is anticipated that in future valuations a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be used.

Turnover Rate. An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 10%. The rates for each age are below:

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

<u>Age</u>	<u>Percent Turnover</u>
18-25	20.0%
26-40	12.0%
41-54	8.0%
55+	6.0%

Post employment Benefit Plan Eligibility Requirements. We have assumed that employees retire three years after the earliest eligibility to retire. Medical benefits are provided to employees upon actual retirement. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 15 years of service. At least 12 years of service with Plaquemines Parish Sheriff's Office is required for retiree medical benefits. Entitlement to benefits continue through Medicare to death.

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the rate of return used in the course of its financial activity.

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which the Internal Revenue Service has used in determining the value of accrued benefits in defined benefit pension plans. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the medical cost after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The same tier coverage (employee only, family, etc.) has been assumed after retirement as that while active immediately before retirement. The employer pays 100% of the cost of the medical benefits for the retiree. Retirees pay \$150 per month for dependent coverage prior to Medicare eligibility and \$39.20 per month for Medicare dependents. The medical rates provided are "blended" rates for active and retired prior to Medicare eligibility. We have therefore estimated the total "unblended" rates as required by GASB 45 for valuation purposes to be 130% of the blended rates prior to Medicare eligibility and 80% after Medicare eligibility.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Basic Financial Statements (Continued)

(17) Ex-officio Tax Collector

The amount of cash on hand at year end was \$16,683,054. The amount of taxes collected by taxing authority was:

Plaquemines Parish Government	\$ 13,437,968
Plaquemines Parish School Board	21,651,491
Plaquemines Parish Assessor	1,064,387
Plaquemines Parish Hospital Service Districts	4,718,765
Plaquemines Parish Law Enforcement	14,590,955
Louisiana Tax Commission	<u>23,623</u>
	<u>\$ 55,487,189</u>

The amount of taxes assessed and uncollected, and the reason for failure to do so is as follows:

	LTC Decreases	Adjudi- cations	No Property Found	Unpaid
Plaquemines Parish Government	\$ 86,434	\$ 21	\$ 2,067	\$ 146,653
Plaquemines Parish School Board	139,264	34	3,329	236,291
Plaquemines Parish Assessor	6,846	2	164	11,616
Plaquemines Parish Hospital Service Districts	30,351	7	725	51,498
Plaquemines Parish Law Enforcement	<u>93,850</u>	<u>23</u>	<u>2,243</u>	<u>159,237</u>
	<u>\$ 356,745</u>	<u>\$ 87</u>	<u>\$ 8,528</u>	<u>\$ 605,295</u>

(18) Subsequent Events

On October 5, 2011, the United States Attorney for the Eastern District of Louisiana filed a bill of information alleging that Sheriff Irvin Hingle, Jr. conspired to commit mail fraud and bribery concerning programs receiving federal funds. The bill of information describes six acts including concealing his use of campaign contributions for personal expenditures and filing an annual campaign finance report that contained material misrepresentations.

Irvin Hingle, Jr. resigned as sheriff of Plaquemines Parish on October 5, 2011.

The Louisiana Legislative Auditor performed a compliance audit (audited certain transactions) of the Plaquemines Parish Sheriff's office. A report was issued on December 7, 2011. We reviewed this report. As a result of reviewing such report, as well as additional procedures on certain identified matters, we issued a management letter. Also, this report identified approximately \$10,000 of reimbursements that were duplicated and approximately \$7,000 of expenses that were not actually incurred, for a total of \$17,000. Management informed us that Irvin Hingle, Jr. reimbursed the sheriff's office approximately \$13,000, as it relates to the \$17,000 noted above.

Subsequent events have been evaluated through December 15, 2011, the date of the financial statement issuance.

**REQUIRED
SUPPLEMENTARY INFORMATION**

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 13,700,000	\$ 13,650,000	\$ 13,616,155	\$ (33,845)
Intergovernmental	4,829,800	2,781,585	5,220,985	2,439,400
Fees, charges, and commissions for services	911,050	1,088,700	1,173,987	85,287
Interest Income	8,000	8,200	21,925	13,725
Miscellaneous	21,000	11,549,647	7,990,467	(3,559,180)
Total revenues	<u>19,469,850</u>	<u>29,078,132</u>	<u>28,023,519</u>	<u>(1,054,613)</u>
Expenditures:				
Current:				
Public safety -				
Personal services and related benefits	11,221,000	15,712,500	15,527,028	185,472
Operating services	3,325,500	3,152,133	3,340,752	(188,619)
Operations and maintenance	3,307,500	7,770,499	5,234,874	2,535,625
Travel	12,000	12,000	10,307	1,693
Debt service	1,853,360	1,858,000	1,857,584	416
Capital outlay	263,000	424,320	845,288	(420,968)
Total expenditures	<u>19,982,360</u>	<u>28,929,452</u>	<u>26,815,833</u>	<u>2,113,619</u>
Excess (deficiency) of revenues over expenditures	<u>(512,510)</u>	<u>148,680</u>	<u>1,207,686</u>	<u>1,059,006</u>
Other financing sources:				
Transfers in	-	-	7,249	7,249
Proceeds from bond proceeds	-	152,550	-	(152,550)
Total other financing sources	<u>-</u>	<u>152,550</u>	<u>7,249</u>	<u>(145,301)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>(512,510)</u>	<u>301,230</u>	<u>1,214,935</u>	<u>913,705</u>
Fund balance, beginning	<u>8,970,923</u>	<u>15,601,832</u>	<u>15,601,832</u>	<u>-</u>
Fund balance, ending	<u>\$ 8,458,413</u>	<u>\$ 15,903,062</u>	<u>\$ 16,816,767</u>	<u>\$ 913,705</u>

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes:				
Ad valorem	\$ 13,700,000	\$13,650,000	\$13,616,155	\$ (33,845)
Intergovernmental:				
Federal grants	3,230,000	1,253,297	3,724,293	2,470,996
Refuge revenue sharing (payment in lieu)	3,000	3,000	2,668	(332)
State of Louisiana -				
Revenue sharing	223,000	223,644	223,644	-
Poker machines	175,000	218,000	239,132	21,132
Supplemental pay	756,000	800,000	800,519	519
Grants	442,800	283,644	230,729	(52,915)
Total intergovernmental	4,829,800	2,781,585	5,220,985	2,439,400
Fees, charges, and commissions for services:				
Feeding and keeping prisoners	243,000	256,500	263,123	6,623
Civil and criminal fees	480,050	564,850	593,294	28,444
Reimbursements from parish council	160,000	216,350	262,605	46,255
Commissary sales commissions	8,000	18,000	18,086	86
Witness fees	20,000	33,000	36,879	3,879
Total fees, charges, and commissions for services	911,050	1,088,700	1,173,987	85,287
Interest income	8,000	8,200	21,925	13,725
Miscellaneous:				
Contraband	1,000	433,095	515,206	82,111
Sale of assets	10,000	38,725	1,113	(37,612)
Miscellaneous	4,000	11,074,800	7,471,520	(3,603,280)
Insurance settlements	5,000	1,100	-	(1,100)
Donations	1,000	1,927	2,628	701
Total miscellaneous	21,000	11,549,647	7,990,467	(3,559,180)
Total revenues	\$ 19,469,850	\$29,078,132	\$28,023,519	\$ (1,054,613)

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Current:				
Public Safety -				
Personal services and related benefits:				
Sheriff's salary and expense allowance	150,000	142,500	146,794	(4,294)
Deputies' salaries	8,574,000	12,000,000	11,818,110	181,890
Pension and payroll taxes	2,497,000	3,570,000	3,562,124	7,876
Total personnel service and related benefits	<u>11,221,000</u>	<u>15,712,500</u>	<u>15,527,028</u>	<u>185,472</u>
Operating services:				
Hospitalization insurance	1,900,000	2,050,000	1,931,119	118,881
Hospitalization reinsurance/admin. fee	-	-	344,294	(344,294)
Life insurance	150,000	158,000	160,460	(2,460)
Auto insurance	425,000	349,000	347,485	1,515
Deputy liability insurance	439,000	206,000	202,150	3,850
Other liability insurance	411,500	389,133	355,244	33,889
Total operating services	<u>3,325,500</u>	<u>3,152,133</u>	<u>3,340,752</u>	<u>(188,619)</u>
Operations and maintenance:				
Auto fuel and oil	728,000	975,000	1,147,336	(172,336)
Auto maintenance	285,000	310,000	348,437	(38,437)
Deputy uniforms, supplies, etc.	250,000	153,500	169,868	(16,368)
Office supplies and expenses	150,000	112,000	232,012	(120,012)
Recordation expenses	150,000	150,000	10,562	139,438
Beeper expense	-	-	993	(993)
Leases and rentals	150,000	678,200	176,987	501,213
Utilities	105,000	47,000	47,440	(440)
Commissary	3,500	4,000	107	3,893
Telephone	187,500	180,100	177,730	2,370
Prisoner feeding and maintenance	259,000	249,050	241,294	7,756
Legal fees	5,000	21,000	15,450	5,550
Other professional fees	510,000	534,000	644,225	(110,225)
Emergency funds/hurricane expenses	-	-	2,623	(2,623)
Criminal investigation expense	55,000	42,000	35,884	6,116
Equipment maintenance	351,000	278,000	288,519	(10,519)
Boat and computer maintenance	80,000	152,000	80,687	71,313
Witness fees	4,000	4,000	4,050	(50)
Membership dues	24,000	40,000	45,296	(5,296)
Other	10,500	3,840,649	1,565,374	2,275,275
Total operations and maintenance	<u>3,307,500</u>	<u>7,770,499</u>	<u>5,234,874</u>	<u>2,535,625</u>

(continued)

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Travel	<u>12,000</u>	<u>12,000</u>	<u>10,307</u>	<u>1,693</u>
Debt service:				
Interest	708,360	713,000	712,584	416
Bond principal payments	<u>1,145,000</u>	<u>1,145,000</u>	<u>1,145,000</u>	<u>-</u>
Total debt service	<u>1,853,360</u>	<u>1,858,000</u>	<u>1,857,584</u>	<u>416</u>
Capital outlay:				
Equipment	<u>263,000</u>	<u>424,320</u>	<u>845,288</u>	<u>(420,968)</u>
Total capital outlay	<u>263,000</u>	<u>424,320</u>	<u>845,288</u>	<u>(420,968)</u>
Total expenditures	<u>\$19,982,360</u>	<u>\$28,929,452</u>	<u>\$26,815,833</u>	<u>\$ 2,113,619</u>

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Schedule of Funding Progress
For the Year Ended June 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2008	-	24,457,608	24,457,608	0.0%	7,828,988	312%
July 1, 2009	-	19,147,310	19,147,310	0.0%	8,487,491	226%
July 1, 2010	-	19,913,202	19,913,202	0.0%	11,899,558	167%

OTHER SUPPLEMENTARY INFORMATION

STATE OF LOUISIANA, PARISH OF PLAQUEMINES

AFFIDAVIT

Michael Lafrance, Sheriff of Plaquemines

BEFORE ME, the undersigned authority, personally came and appeared, Michael Lafrance, the sheriff of Plaquemines Parish, State of Louisiana, who after being duly sworn, deposed and said:

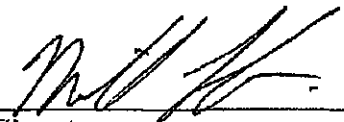
The following information is true and correct:

\$16,683,054 is the amount of cash on hand in the tax collector account on June 30, 2011;

He further deposed and said:

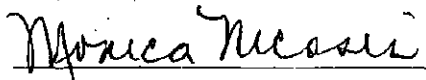
All itemized statements of the amount of taxes collected for tax year 2010, by taxing authority, are true and correct.

All itemized statements of all taxes assessed and uncollected, which indicate the reasons for the failure to collect, by taxing authority, are true and correct.



Signature
Sheriff of Plaquemines

SWORN to and subscribed before me, Notary, this 21st day of October 2011,
in my office in the Belle Chase, Louisiana.
(City/Town)



(Signature)

Monica Nicosia (Print), # 81045
Notary Public

(Commission)

Monica Nicosia #81045
Ex-Officio Notary
Plaquemines Parish Sheriff's Office

**INTERNAL CONTROL
COMPLIANCE
AND
OTHER MATTERS**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Victor R. Slaven, CPA*
P. Troy Courville, CPA*
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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The Honorable Michael Lafrance
Plaquemines Parish Sheriff
Pointe-A-La-Hache, Louisiana

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Plaquemines Parish Sheriff, as of and for the year ended June 30, 2011, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated December 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Plaquemines Parish Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plaquemines Parish Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Plaquemines Parish Sheriff's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, questioned costs, and management's corrective action plan, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings, questioned costs, and management's corrective action plan as items 11-1 and 11-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Plaquemines Parish Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed *no instances* of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Plaquemines Parish Sheriff in a separate letter dated December 15, 2011.

The Plaquemines Parish Sheriff's response to the findings identified in our audit are described in the accompanying schedule of findings, questioned costs and management's corrective action plan. We did not audit the Plaquemines Parish Sheriff's response and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 15, 2011

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Michael Lafrance
Plaquemines Parish Sheriff
Pointe-A-La-Hache, Louisiana

Compliance

We have audited Plaquemines Parish Sheriff's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Plaquemines Parish Sheriff's major federal program for the year ended June 30, 2011. Plaquemines Parish Sheriff's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings, questioned costs and management's corrective action plan. Compliance with the requirements of laws, regulations, contracts, and grants applicable of its major federal program is the responsibility of the Plaquemines Parish Sheriff's management. Our responsibility is to express an opinion on the Plaquemines Parish Sheriff's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Plaquemines Parish Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Plaquemines Parish Sheriff's compliance with those requirements.

In our opinion, Plaquemines Parish Sheriff complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.

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Internal Control Over Compliance

Management of the Plaquemines Parish Sheriff is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Plaquemines Parish Sheriff's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Plaquemines Parish Sheriff's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Plaquemines Parish Sheriff's response to the findings identified in our audit is described in the accompanying schedule of findings, questioned costs, and management's corrective action plan. We did not audit the Plaquemines Parish Sheriff's response, and accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 15, 2011

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Plaquemines Parish Sheriff (the Sheriff). The Sheriff reporting entity is defined in Note 1 to the basic financial statements for the year ended June 30, 2011. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies. The major programs are identified with an asterisk (*) on the schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Sheriff's basic financial statements for the year ended June 30, 2011.

(3) Relationship to Fund Financial Statements

Federal financial assistance revenues are reported in the Sheriff's fund financial statements as follows:

General Fund - Revenue	\$3,724,293
Capital Projects Fund - Revenue	<u>5,975,251</u>
Total	<u>\$9,699,544</u>

(4) Relationship to Federal Financial Reports

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

<u>Federal Grantor/Pass-Through Grantor/Program Name/Grant Name</u>	<u>Pass-through Identifying Number</u>	<u>CFDA Number</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
<u>United States Department of Homeland Security</u>				
Passed through Louisiana Office of Homeland Security and Emergency Preparedness -				
Disaster Grants - Public Assistance *	**	97.036	9,537,439	6,545,973
Buffer Zone Protection Program	**	97.078	63,209	63,209
Homeland Security Grant Program	CCP 2008	97.067	4,137	4,137
			<u>9,604,785</u>	<u>6,613,319</u>
Total United States Department of Homeland Security				
<u>United States Department of Justice</u>				
Passed through Louisiana Commission on Law Enforcement -				
Edward Byrne Memorial Justice Assistant Grant Program/Street Sales				
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance	B07-7-011E01	16.738	5,322	5,322
Grant (JAG) Program/Grants to States and Territories	B82-8-101E02	16.803	51,974	51,974
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance	**	16.804	2,400	2,400
Grant (JAG) Program	C07-7-028 E01-E03	16.575	35,063	35,063
Crime Victim Assistance				
			<u>94,759</u>	<u>94,759</u>
Total United States Department of Justice				
			<u>\$ 9,699,544</u>	<u>\$ 6,708,078</u>
Total				

* - Denotes major program
** - Not readily accessible

Plaquemines Parish Sheriff
Pointe-A-La-Hache, Louisiana

Schedule of Findings, Questioned Costs and
Management's Corrective Action Plan
For the Year Ended June 30, 2011

Part I: Summary of Auditor's Results:

1. An unqualified report was issued on the financial statements.
2. There were two significant deficiencies in internal control disclosed by the audit of the financial statements. Both of the deficiencies were reported as material weaknesses.
3. No instances of material noncompliance were disclosed.
4. No significant deficiencies in internal control over the major program was disclosed by the audit of the financial statements.
5. An unqualified opinion was issued on compliance for the major programs.
6. The audit disclosed no findings required to be reported under Section 510(a) of Circular A-133.
7. The major program was:
U.S. Dept. of Homeland Security: Disaster Grants - Public Assistance
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 520(b) of Circular A-133 was \$300,000.
9. The auditee did not qualify as a low-risk auditee under Section 530 of Circular A-133.

(continued)

Plaquemines Parish Sheriff
Pointe-A-La-Hache, Louisiana

Schedule of Findings, Questioned Costs and
Management's Corrective Action Plan (Continued)
For the Year Ended June 30, 2011

Part II: Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

11-1 Inadequate Segregation of Accounting Functions

Condition and Criteria:

The Sheriff's department did not have adequate segregation of functions within the accounting system.

Effect:

This condition represents a material weakness in the internal control of the Sheriff's department.

Cause:

The condition resulted because of the small number of employees in the accounting department.

Recommendation:

No plan is considered necessary due to the fact that it would not be cost effective to implement a plan.

Management's Corrective Action Plan:

Sheriff Michael Lafrance decided that it is not cost effective to achieve adequate segregation of accounting duties. No plan is considered necessary.

11-2 Inadequate Controls over Financial Statement Preparation

Condition and Criteria:

The Sheriff's department does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements.

Effect:

This condition represents a material weakness in the internal control of the Sheriff's department.

(continued)

Plaquemines Parish Sheriff
Pointe-A-La-Hache, Louisiana

Schedule of Findings, Questioned Costs and
Management's Corrective Action Plan (Continued)
For the Year Ended June 30, 2011

Cause:

The condition resulted because Sheriff's department personnel do not have the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing the financial statements.

Recommendation:

The Sheriff's department should consider outsourcing this task to its independent auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Management's Corrective Action Plan:

Sheriff Michael Lafrance has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Part III: Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of Circular A-133:

There were no findings and questioned costs at June 30, 2011.

Part IV: Management Letter Items:

11-3 Expenditure Policies and Procedures

The Louisiana Legislative Auditor's office issued a compliance audit report on December 7, 2011. We have reviewed said report. As a result of such review, as well as additional procedures performed on certain identified matters, we have the following recommendations:

- We suggest that improvements be made as it relates to expenditures. There were a number of expenditures whose public purpose is questionable. Procedures should be implemented to safeguard against the sheriff's office paying for expenditures that lack a clear public purpose.
- We suggest that awareness of the Louisiana Code of Ethics be enhanced. Training and monitoring should be implemented in an effort to eliminate transactions between the sheriff's department and public servants (directly or indirectly) whereby such servants have a potential personal substantial economic interest in said transactions.
- We suggest that a policy be implemented whereby the use of a personal credit card for sheriff's office transactions be limited to travel-related expenses and emergencies.
- We suggest that a written travel policy be established. Such policy should mandate timely submission of reimbursement requests. Also, each employee should account for their own expenses on their own reimbursement request.

(continued)

Plaquemines Parish Sheriff
Pointe-A-La-Hache, Louisiana

Schedule of Findings, Questioned Costs and
Management's Corrective Action Plan (Continued)
For the Year Ended June 30, 2011

Management's Corrective Action Plan:

We have strengthened our internal policies and procedures to ensure that public funds are spent according to appropriate policies and laws. I have started planning for an in-service training for all of my employees regarding the Louisiana Code of Ethics. I have established a policy that limits personal credit card use to eligible travel expenses and to emergencies. Other personal credit card use for sheriff's office transactions is prohibited. Finally, I have established a travel policy which requires timely submissions of reimbursement requests as well as requires each employee to account for their own expenses on their own reimbursement request. Michael L. Lafrance, Sheriff, is in charge of implementation of this plan. Most provisions of this plan have already been implemented, with the exception of the in-house training on the Louisiana Code of Ethics. I plan to conduct such training on or prior to June 30, 2012.

PLAQUEMINES PARISH SHERIFF
Pointe-A-La-Hache, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2011

Section I: Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

10-1 Inadequate Segregation of Accounting Functions

Finding:

The Sheriff's department did not have adequate segregation of functions within the accounting system.

Status:

Unresolved. See item 11-1.

10-2 Inadequate Controls over Financial Statement Preparation

Finding:

The Sheriff's department does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements.

Status:

Unresolved. See item 11-2.

Section II: Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of Circular A-133:

10-3 Suspension and Debarment

Finding:

Two transactions (totaling \$286,400) subject to the procurement, suspension, and debarment compliance requirement were not verified. One transaction in the amount of \$150,000 was not tested for compliance with this requirement.

Status:

Resolved.

Section III: Management Letter Items:

There were no management letter items at June 30, 2010.

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The Honorable Michael Lafrance
Plaquemines Parish Sheriff
Pointe-A-La-Hache, Louisiana

We have audited the financial statements of the Plaquemines Parish Sheriff for the year ended June 30, 2011 and submitted our report to you dated December 15, 2011. We noted a certain matter of concern as follows:

The Louisiana Legislative Auditor's office issued a compliance audit report on December 7, 2011. We have reviewed said report. As a result of such review, as well as additional procedures performed on certain identified matters, we have the following recommendations:

- We suggest that improvements be made as it relates to expenditures. There were a number of expenditures whose public purpose is questionable. Procedures should be implemented to safeguard against the sheriff's office paying for expenditures that lack a clear public purpose.
- We suggest that awareness of the Louisiana Code of Ethics be enhanced. Training and monitoring should be implemented in an effort to eliminate transactions between the sheriff's department and public servants (directly or indirectly) whereby such servants have a potential personal substantial economic interest in said transactions.
- We suggest that a policy be implemented whereby the use of a personal credit card for sheriff's office transactions be limited to travel-related expenses and emergencies.
- We suggest that a written travel policy be established. Such policy should mandate timely submission of reimbursement requests. Also, each employee should account for their own expenses on their own reimbursement request.

Should you have any questions or need additional information regarding this matter, please feel free to contact us.

Kolder, Champagne, Slaven, & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 15, 2011

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